



0000202518

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

In the matter of

JEFFREY SCOTT PETERSON (CRD #  
2365060), a resident of Ontario, Canada,

MICHAEL D. SILBERMAN (CRD #  
2468726) and STACEY SILBERMAN,  
husband and wife, residents of California,

JUSTIN C. BILLINGSLEY, a resident of  
New York,

MOBILE CORPORATION, fka  
MOBILE.PRO CORPORATION, a Nevada  
Corporation,

QUEPASA CORPORATION, a Nevada  
Corporation,

WILSON SONSINI GOODRICH &  
ROSATI, P.C., a California professional  
corporation,

Respondents.

DOCKET NO. S-21111A-20-0202

DECISION NO. 77805

**ORDER TO CEASE AND DESIST, ORDER  
FOR RESTITUTION, ORDER FOR  
ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME  
BY: RESPONDENT JUSTIN C.  
BILLINGSLEY**

Arizona Corporation Commission

**DOCKETED**

NOV 12 2020

**DOCKETED BY**

Respondent Justin C. Billingsley ("Respondent" or "Billingsley") elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order"). Respondent admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other proceeding in which the Commission is a party the

Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

**I.**

**FINDINGS OF FACT**

1. Billingsley currently resides in Brewster, New York.

2. Respondent Jeffrey Scott Peterson ("Peterson") (CRD # 2365060) currently resides in Ontario, Canada.

3. Respondent Michael D. Silberman ("Silberman") (CRD # 2468726) is a resident of California.

4. Respondent Mobile Corporation, formerly known as Mobile.pro Corporation ("Mobile"), is a Nevada corporation formed on March 21, 2013

5. Respondent Quepasa Corporation is a Nevada corporation formed on July 10, 2014, which this Order refers to as "Quepasa II." There was another Nevada corporation formed on June 25, 1997, that in 1998 changed its name to Quepasa.com, Inc. ("Quepasa I") with which Respondents Peterson and Silberman were affiliated. Quepasa I is not a respondent in this action.

6. Respondent Wilson Sonsini Goodrich & Rosati, P.C. ("Wilson Sonsini" or "WSGR") is a California professional corporation and a law firm.

7. Peterson, Silberman, Billingsley, Mobile, Quepasa and Wilson Sonsini may be referred to collectively as "Respondents".

**A. Quepasa I.**

8. On June 25, 1997, a company was incorporated in Nevada under the name Internet Century, Inc. In December 1998, it changed its name to Quespasa.com, Inc., which, as noted above, this Order refers to as "Quepasa I."

9. Peterson was Quepasa I's Chief Executive Officer (CEO) from May 1998 until August 1999, and Silberman was Quepasa I's Chief Financial Officer (CFO) and Chief Operating Officer (COO).

10. Quepasa I was an internet company that provided users with content centered around the Spanish language. Its internet presence included a search engine, e-mail, Spanish-language news feeds and chat rooms.

11. On June 24, 1999, Quepasa I completed an initial public offering ("IPO") and its stock began trading on the Nasdaq National Market.

12. On April 26, 2002, Peterson became the CEO of Quepasa I again.

13. In July 2003, Peterson was appointed to the Arizona-Mexico Commission.

**B. Billingsley's Tax Liens.**

14. On April 16, 2012, the Internal Review Service ("I.R.S.") recorded a Notice of Federal Tax Lien in Brookfield, Connecticut against Billingsley for \$418,105 in unpaid income taxes from 2007, 2008, 2009 and 2010 (the "\$418,105 I.R.S. Lien").

15. On June 19, 2012, the I.R.S. recorded another Notice of Federal Tax Lien in Brookfield, Connecticut against Billingsley, this time for \$22,267 in unpaid income taxes from 2011 (the "\$22,267 I.R.S. Lien").

16. The records of the Brookfield, Connecticut Town Clerk do not reflect that Billingsley has ever paid off the \$418,105 I.R.S. Lien or the \$22,267 I.R.S. Lien.

**C. Peterson's And Billingsley's Securities Law Violations With LoanGo.**

17. In June 2011, Peterson organized a Utah entity, LoanGo Corporation ("LoanGo"), to be an online payday lending company. Peterson was the Chief Executive Officer and Chairman of the Board of Directors of LoanGo. Billingsley was the Vice President and Director of LoanGo.

18. From September 2011 to April 2012, LoanGo sold promissory notes for \$250,000 to five investors through Billingsley and Peterson.

19. The notes provided that LoanGo would repay the investors their principal plus the accrued interest within 12 months.

20. Between September 2012 and April 2013, LoanGo defaulted on all its notes.

1           21.     LoanGo failed to repay any portion of the investors' funds.

2           22.     On June 30, 2015, the Division filed an enforcement action against LoanGo, Peterson,  
3 Billingsley and other respondents alleging violations of the registration and antifraud provisions of  
4 the Securities Act. *See In the Matter of LoanGo Corporation et al.*, Docket No. S-20932A-15-0220  
5 (filed 6/30/2015).

6           23.     A hearing was held in the *LoanGo* case at which Peterson and Billingsley were  
7 represented by counsel. Peterson and Billingsley both testified.

8           24.     On November 7, 2017, in Decision No. 76450, the Commission found that LoanGo,  
9 Peterson and Billingsley had violated the Securities Acts registration provisions, and LoanGo and  
10 Billingsley had violated the Act's antifraud provision, A.R.S. § 44-1991.

11          25.     The Commission found that Peterson controlled LoanGo and ordered that he be held  
12 jointly and severally liable with Billingsley and LoanGo for their securities fraud violations.

13          26.     The Commission ordered Peterson and Billingsley to pay \$250,000 in restitution for  
14 LoanGo's five investors. The Commission also ordered Peterson and Billingsley to pay administrative  
15 penalties of \$15,000 each.

16          27.     Neither Peterson nor Billingsley has paid any portion of the \$250,000 in restitution or  
17 the administrative penalties they owe.

18          28.     The Arizona Superior Court and Court of Appeals affirmed the Commission's *LoanGo*  
19 decision.

20           **D. Mobile Corporation.**

21          29.     On March 21, 2013, Peterson and Silberman incorporated Mobile as "Mobile.pro  
22 Corporation" in Nevada. On May 13, 2014, Mobile amended its articles of incorporation to change its  
23 name from "Mobile.pro Corporation" to "Mobile Corporation."

24          30.     Peterson was the Chairman of the Board of Directors and Chief Executive Officer of  
25 Mobile.  
26

1           31.     Silberman was the Chairman of the Executive Committee of Mobile's Board of  
2 Directors. Silberman was also Mobile's Executive Vice President and Chief Financial Officer.

3           32.     Billingsley was at various times Mobile's Chief Operating Officer, President, Senior  
4 Vice President and Vice President.

5           33.     Respondents described Mobile as a start-up company that would be "the first-ever social  
6 network and online community for mobile professionals. It will become the #1 destination for mobile  
7 on the internet."

8           34.     By the term "mobile," Respondents referred to wireless and portable devices, including  
9 phones and tablets, applications or "apps" for those devices, and mobile commerce conducted through  
10 those devices and apps.

11          35.     Respondents stated that Mobile would provide an online community and marketplace  
12 for individuals and businesses who self-identified as "mobile professionals" to connect, collaborate and  
13 do business.

14                   1.     **Mobile Retained Wilson Sonsini As Counsel And Wilson Sonsini Invested**  
15                           **In Mobile.**

16          36.     Wilson Sonsini's website states that it is a law firm whose "legacy closely traces the  
17 birth and evolution of Silicon Valley. For nearly six decades, Wilson Sonsini has represented the  
18 technology pioneers associated with virtually every milestone innovation." [www.wsgr.com](http://www.wsgr.com) (last  
19 visited 09/11/2020).

20          37.     On March 28, 2013, Mobile retained Wilson Sonsini to provide legal advice and  
21 services. According to Wilson Sonsini's engagement agreement of that date, which Silberman signed  
22 for Mobile, Wilson Sonsini agreed to provide services "relating to a) the general organizational  
23 activities we perform in structuring the Company, b) the pursuit of funding until the Company has  
24 received debt or equity financing, and c) licensing diligence and negotiations."

25          38.     Wilson Sonsini agreed to allow Mobile to defer and even forgo paying some of its legal  
26 fees in exchange for stock and a \$100,000 stock purchase option.



1           39.     Wilson Sonsini acknowledged that its investment(s) in Mobile would be a conflict of  
2 interest under the attorney ethics rules that governed the firm's activities as counsel to Mobile.

3           40.     Wilson Sonsini requested that Mobile waive the conflict of interest, which Silberman  
4 did for Mobile.

5           41.     On April 22, 2013, WS Investment Company, LLC (2013A) and the Wilson Sonsini  
6 partner who signed the engagement letter collectively purchased 104,900 shares of Mobile Class A  
7 Common Stock for ten dollars and forty-nine cents (\$10.49).

8           42.     WS Investment Company, LLC (2013A) is or was one of a series of investment funds  
9 managed for the benefit of Wilson Sonsini shareholders and others affiliated with the law firm. Wilson  
10 Sonsini or a wholly owned subsidiary of Wilson Sonsini is or was the sole manager of WS Investment  
11 Company, LLC (2013A).

12           43.     On June 21, 2013, WS Investment Company, LLC (2013A) and a Wilson Sonsini partner  
13 received a \$50,000 Convertible Promissory Note in which WS Investment Company, LLC (2013A) had  
14 a 90% interest and the partner had a 10% interest. On July 10, 2015, Mobile converted that note  
15 investment and issued WS Investment Company, LLC (2013A) 52,653 shares of Mobile Preferred  
16 Series A stock.

17           44.     Wilson Sonsini's investment enabled Mobile to tout that fact to potential investors.  
18 For instance, in an email dated October 13, 2013, Mobile's then-President Chris Lopez wrote: "Our  
19 law firm for the private placement is Wilson, Sonsini, Goodrich, and Rosati, out of Palo Alto. WSGR,  
20 the same firm that represents Google, Twitter, Linkedin, etc., has invested in our venture, something  
21 that they do not often do. I would like to get you involved as an investor and there is no better time  
22 than now ... as our seed fund is closing quickly."

23                   **2. Mobile's Offering And Sale Of Convertible Promissory Notes.**

24           46.     Between April 24, 2013, and October 15, 2014, Mobile sold at least 78 Convertible  
25 Promissory Notes (each a "Note") to 73 investors, excluding the \$50,000 Convertible Promissory Note  
26 WS Investment Company, LLC (2013A) received.

1           47.     To sell its Notes, Mobile solicited investors through Peterson's and Silberman's contacts  
2 from Quepasa I, and Peterson's connections from the Arizona-Mexico Commission and Arizona  
3 politics. Mobile also enlisted Billingsley to solicit investors.

4           48.     Investors were told that Mobile was developing an online platform to connect  
5 employers with prospective employees globally, and Mobile would use their investment funds for  
6 operating capital.

7           49.     Investors were told that within a few years their Note investments would be converted  
8 to shares of Mobile stock. Investors were further told that Mobile planned to do an initial public  
9 offering (IPO), at which point their stock would likely increase significantly in value.

10          50.     In his sales pitch, Billingsley told at least two Arizona investors that Mobile's founders,  
11 Peterson and Silberman, had made millions of dollars by founding and successfully running Quepasa I.  
12 Billingsley told those investors he was on Mobile's Board of Directors, which he was not.

13          51.     Billingsley told those investors that Mobile had hired a large law firm, Wilson Sonsini,  
14 to review all the investment paperwork to make sure everything was done properly.

15          52.     Mobile's use of Wilson Sonsini gave those investors' confidence that the investment had  
16 been properly vetted.

17          53.     When investors agreed to invest, Wilson Sonsini drafted the Note Purchase Agreements  
18 and sent the investors the subscription documents, including the Note Purchase Agreements, Notes,  
19 suitability questionnaires, signing instructions and instructions for the investors to wire their funds to  
20 Wilson Sonsini's Interest on Lawyers Trust Account, an "IOLTA" trust account.

21          54.     Each Note provided that Mobile would pay the investor the outstanding principal amount  
22 of their investment plus 8.0% annual interest upon the earlier of the "Maturity Date," which was defined  
23 as October 24, 2014, or an elected date thereafter; or upon default.

24          55.     Each Note provided that if Mobile sold at least \$3,000,000 of Preferred Stock prior to  
25 the Maturity Date, "then the outstanding principal amount of this Note and all accrued interest shall  
26 automatically convert into a number of fully paid and nonassessable shares of the Preferred Stock

1 equal to the then outstanding principal amount of this Note plus accrued but unpaid interest *times*  
2 0.67....”

3 56. Mobile raised at least \$6,994,005 from its sales of Notes.<sup>1</sup>

4 **3. Mobile’s Sales Of Preferred Stock.**

5 57. Between January 12 and August 3, 2015, Mobile sold at least nine (9) investors shares  
6 of its preferred stock.

7 58. Mobile raised at least \$498,460 from these stock sales.

8 59. With the exceptions of a repayment to one investor and a partial repayment to another,  
9 Mobile’s investors have not received any return or repayment of their investments. They are  
10 collectively owed restitution of \$7,417,465.

11 **E. Quepasa II**

12 60. On July 10, 2014, Peterson formed Quepasa Corporation, which this Order refers to as  
13 Quepasa II, as a Nevada corporation.

14 61. Two weeks earlier, on June 26, 2014, Silberman had engaged Wilson Sonsini as counsel  
15 for what was to become Quepasa II.

16 62. Peterson was the President of Quepasa II.

17 63. Silberman was a Director and the Treasurer and Secretary of Quepasa II.

18 64. In the summer of 2014, Peterson asked an individual, “MA”, whom he knew from  
19 serving on the Arizona-Mexico Commission, to come to work for Quepasa II, which he described as a  
20 “relaunch of Quepasa” that he was starting. MA knew Peterson founded Quepasa I many years  
21 earlier. Peterson stated he wanted to create a new Quepasa that would be a Spanish version of  
22 Facebook.

23 65. In approximately September 2014, MA became Quepasa II’s Vice President of  
24 Business Development.

25  
26 <sup>1</sup> The \$6,994,005 figure excludes the \$50,000 Convertible Promissory Note WS Investment Company, LLC (2013A) received.



1           66.     After joining Quepasa II, MA contacted friends and business associates whom MA  
2 thought would be interested in investing. MA set up approximately 10-12 meetings with friends or  
3 business associates to learn more about Quepasa II after they expressed initial interest. Peterson or  
4 Billingsley accompanied MA to those meetings with the prospective investors.

5           67.     Prospective investors were told that Quepasa II would be a social networking website  
6 with a Hispanic focus, and that a business would be able to use Quepasa II's website if it was looking  
7 for another business to hire or an individual with whom to collaborate.

8           68.     Investors were told their investments would take the form of loans to Quepasa II that  
9 it would use to fund the development of its website. The investors were further told that Quepasa II  
10 would issue notes for their investments, which would later be converted to stock.

11          69.     The investors were further told their investments would yield a profit when Quepasa  
12 II went public through an IPO.

13          70.     Prospective investors were told that all their investment paperwork would be handled  
14 by a prominent Silicon Valley law firm that specialized in internet startups.

15          71.     When investors agreed to invest, Wilson Sonsini drafted the Note Purchase Agreements  
16 and sent the investors the subscription documents, including the Note Purchase Agreements, Notes,  
17 suitability questionnaires, signing instructions and instructions for the investors to wire their funds to  
18 Wilson Sonsini's IOLTA account.

19          72.     Each Note provided that Quepasa II would pay the investor the outstanding principal  
20 amount of their investment plus 8.0% annual interest upon the earlier of the "Maturity Date," which was  
21 defined as August 25, 2015, or an elected date thereafter; or upon default.

22          73.     Each Note provided that if Quepasa II sold at least \$3,000,000 of Preferred Stock prior  
23 to the Maturity Date, "then the outstanding principal amount of this Note and all accrued interest  
24 shall automatically convert into ... Preferred Stock ... at a price per share of 75% of the price per  
25 share paid by the cash purchasers of the Preferred Stock...."

74. From August 26, 2014, through November 12, 2015, Quepasa II sold Convertible Promissory Notes totaling at least \$255,000 to eight (8) investors in amounts ranging from \$100,000 down to \$5,000.

75. Those investors have not received any return or repayment.

## II.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondent made, participated in or induced the offer and sale of securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), 44-1801(27) and 44-2003(A).

3. The securities, which were issued by Mobile Corporation and Quepasa Corporation, were neither registered nor exempt from registration.

4. Respondent's conduct violated A.R.S. § 44-1841.

5. Respondent made, participated in or induced the offer and sale of securities within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

6. Respondent's conduct violated A.R.S. § 44-1842.

7. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

8. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

9. Respondent's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

**III.****ORDER**

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondent comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-2003(A) and 44-2032, that Respondent Billingsley shall, jointly and severally with the Respondents under Docket No. S-21111A-20-0202, pay restitution to the Commission in the principal amount of \$7,672,465 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. In the event that the other Respondents are ordered to pay restitution jointly and severally in a principal amount less than \$7,672,465, Respondent Billingsley's restitution obligation under this Order shall be reduced to that lower amount. In the event that the other Respondents are ordered to pay restitution in different principal amounts less than \$7,672,465, Respondent Billingsley's restitution obligation under this Order shall be reduced to the highest of the amounts the other Respondents are ordered to pay. Respondent Billingsley's restitution payment shall be due in full 90 days after the date the Commission enters its final Order concerning the other Respondents under Docket No. S-21111A-20-0202. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission until distributions are made. Any principal amount outstanding shall accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H. 15 or any publication that may supersede it on the date that the final

1 Order concerning the other Respondents is entered, subject to any legal offsets, pursuant to A.A.C.  
2 R14-4-308(C).

3 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records  
4 of the Commission. Any restitution funds that the Commission cannot disburse because an investor  
5 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor  
6 because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors  
7 shown on the records of the Commission. Any funds that the Commission determines it is unable to  
8 or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Respondent Billingsley shall  
10 pay an administrative penalty in the amount of \$100,000 as a result of the conduct set forth in the  
11 Findings of Fact and Conclusions of Law. Respondent Billingsley's penalty payment shall be due in  
12 full 90 days after the date the Commission enters its final Order concerning the other Respondents  
13 under Docket No. S-21111A-20-0202. Payment shall be made to the "State of Arizona." Any  
14 amount outstanding shall accrue interest as allowed by law.

15 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be  
16 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments  
17 shall be applied to the penalty obligation.

18 For purposes of this Order, a bankruptcy filing by Respondent shall be an act of default. If  
19 Respondent does not comply with this Order, any outstanding balance may be deemed in default and  
20 shall be immediately due and payable.


21 IT IS FURTHER ORDERED, that if Respondent fails to comply with this Order, the  
22 Commission may bring further legal proceedings against Respondent, including application to the  
23 superior court for an order of contempt.

24 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
25 Order shall be deemed binding against any Respondent under this Docket Number who has not  
26 consented to the entry of this Order.

IT IS FURTHER ORDERED removing Respondent Justin C. Billingsley from the Service List for future filings in this Docket Number.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

    
CHAIRMAN BURNS      COMMISSIONER DUNN      COMMISSIONER KENNEDY

   
COMMISSIONER OLSON      COMMISSIONER MARQUEZ PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 12 day of November, 2020.

  
MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail [cdbuck@azcc.gov](mailto:cdbuck@azcc.gov).

(JDB)



**CONSENT TO ENTRY OF ORDER**

1. Justin C. Billingsley ("Respondent"), an individual, admits the jurisdiction of the Commission over the subject matter of this proceeding. Respondent acknowledges that Respondent has been fully advised of Respondent's right to a hearing to present evidence and call witnesses and Respondent knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondent acknowledges that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. Respondent knowingly and voluntarily waives any right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. Respondent acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. Respondent understands and acknowledges that Respondent has a right to seek counsel regarding this Order, and that Respondent has had the opportunity to seek counsel prior to signing this Order. Respondent acknowledges and agrees that, despite the foregoing, Respondent freely and voluntarily waives any and all right to consult or obtain counsel prior to signing this Order.

5. Respondent admits only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact and Conclusions of Law contained in this Order. Respondent agrees that Respondent shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding in which the Commission is a party.

6. Respondent further agrees that he shall not deny or contest the Findings of Fact and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)"). He



1 further agrees that in any such proceedings, the Findings of Fact and Conclusions of Law contained  
2 in this Order may be taken as true and correct and that this Order shall collaterally estop him from  
3 re-litigating with the Commission or any other state agency, in any forum, the accuracy of the  
4 Findings of Fact and Conclusions of Law contained in this Order. In the event Respondent pursues  
5 bankruptcy protection in the future, he further agrees that in such bankruptcy proceeding, pursuant  
6 to 11 U.S.C. § 523(a)(19), the following circumstances exist:

7       A.     The obligations incurred as a result of this Order are a result of the conduct set forth  
8 in the Findings of Fact and Conclusions of Law in the Order and are for Respondent's violation of  
9 Arizona state securities laws, within the meaning of 11 U.S.C. § 523(a)(19)(A)(i);

10       B.     This Order constitutes a judgment, order, consent order, or decree entered in a state  
11 proceeding within the meaning of 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into  
12 by Respondent within the meaning of 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages,  
13 fine, penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other  
14 payment owed by Respondent within the meaning of 11 U.S.C. § 523(a)(19)(B)(iii).

15       7.     By consenting to the entry of this Order, Respondent agrees not to take any action or  
16 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
17 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
18 basis.

19       8.     While this Order settles this administrative matter between Respondent and the  
20 Commission, Respondent understands that this Order does not preclude the Commission from  
21 instituting other administrative or civil proceedings based on violations that are not addressed by this  
22 Order.

23       9.     Respondent understands that this Order does not preclude the Commission from  
24 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
25 that may be related to the matters addressed by this Order.

1           10.     Respondent understands that this Order does not preclude any other agency or officer  
2 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
3 proceedings that may be related to matters addressed by this Order.

4           11.     Respondent agrees that Respondent will not apply to the state of Arizona for  
5 registration as a securities dealer or salesman or for licensure as an investment adviser or investment  
6 adviser representative until such time as all restitution and penalties under this Order are paid in full.

7           12.     Respondent agrees that Respondent will not exercise any control over any entity that  
8 offers or sells securities or provides investment advisory services within or from Arizona until such  
9 time as all restitution and penalties under this Order are paid in full.

10          13.     Respondent agrees that Respondent will continue to cooperate with the Securities  
11 Division including, but not limited to, by providing complete and accurate testimony at any hearing  
12 in this matter and cooperating with the state of Arizona in any related investigation or any other  
13 matters arising from the activities described in this Order.

14          14.     Respondent consents to the entry of this Order and agrees to be fully bound by its  
15 terms and conditions.

16          15.     Respondent acknowledges and understands that if Respondent fails to comply with  
17 the provisions of the Order and this consent, the Commission may bring further legal proceedings  
18 against Respondent, including application to the superior court for an order of contempt.

19          16.     Respondent understands that default shall render Respondent liable to the  
20 Commission for its costs of collection, including reasonable attorneys' fees and interest at the  
21 maximum legal rate.

22          17.     Respondent agrees and understands that if Respondent fails to make any payment as  
23 required in the Order, any outstanding balance shall be in default and shall be immediately due and  
24 payable without notice or demand. Respondent agrees and understands that acceptance of any partial  
25 or late payment by the Commission is not a waiver of default by the Commission.  
26

Justin C. Billingsley

STATE OF NEW YORK )

County of Putnam ) ss

SUBSCRIBED AND SWORN TO BEFORE me this 29 day of September, 2020

NOTARY PUBLIC

My commission expires:

9/22/23

**DANIEL S. DIVEN**  
Notary Public • State of New York  
No. 01DI8098926  
Qualified in Putnam County  
My Commission Expires 9/22/23

SERVICE LIST FOR: *In the Matter of Jeffrey Scott Peterson et al.*

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